
STATE OF INDIANA

DEPARTMENT OF LOCAL GOVERNMENT FINANCE



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MEMORANDUM

To: County Assessors, Township Assessors, Township Trustee/Assessors, and County Auditors

From: Assessment Division, Department of Local Government Finance

Date: July 2006

Subject: Submission of Personal Property Assessments for 2006 pay 2007

The assessment of personal property underwent many changes this year that will require the local officials to plan the delivery of the assessments carefully. You will need to communicate with each other and involve your various software vendors to insure that you avoid errors in the tax roll and needless corrections.

The changes for this year include:

1. The new Investment Deductions are filed with the personal property return (PPID and UDID authorized by IC 6-1.1-12.4)
2. Economic Revitalization Deduction (103-ERA per IC 6-1.1-12.1) now filed with the business personal property return (103-Long)
3. Inventory Deduction is now statewide per IC 6-1.1-12-42, and is part of the personal property return.
4. A new Enterprise Zone Investment Deduction (EZ-2 authorized by IC 6-1.1-45)

The Department has had several inquiries as to how these values are to be reported. The statutes treat the adjustments above in two ways – one as a deduction to be entered by the auditor into the tax and billing system and one as an adjustment that is taken off prior to the entry of the assessment on the tax roll.

Investment Deduction - The Legislature has specified that Investment Deductions be determined by the township assessor who notifies the auditor. The auditor makes the deductions on the tax roll. See IC 6-1.1-12.4-3 (e) and (f). The rule promulgated by the department in 50 IAC 22 specifies that the township assessor will notify the auditor by transmitting a copy of the first page of the personal property return not later than July 1 of each year. In this case, the assessment included on the form 14 and 15 will include the assessed value of the deducted property.

Economic Revitalization Deduction - The Legislature has specified that the ERA deduction be reported by the property owner as part of the personal property return. The township assessor is to transmit a copy of the 103-ERA to the county assessor and the county auditor. The auditor

makes the deductions on the tax roll. *See* IC 6-1.1-12.1-5.4 (a). In this case, the assessment included on the form 14 and 15 will include the assessed value of the deducted property.

Statewide Inventory Deduction - The Legislature has specified that the inventory deduction be reported by the property owner on the personal property return. The statute provides that the assessed value of inventory is defined as “the assessed value determined after the application of any deductions or adjustments that apply by statute or rule to the assessment of inventory, other than the deduction established [herein]”. IC 6-1.1-12-42. The only time inventory other than zero dollars (\$0) is properly carried forward to the first page of the return, is when the taxpayer has a deduction for inventory, other than the statewide deduction, that is filed directly with the auditor. These deductions would include the EZ-1, MOD-1, IR-1, etc. The values reported as the Final Assessed Value on the Form 103 would only include a value for inventory when the owner continues to report an inventory deduction based on a strict reading of the statute. In this case, the assessment on the Form 14 and 15 will only include the “other” inventory deductions. If the taxpayer failed to take the statewide inventory deduction, *the statute requires the township assessor to amend the assessment and notify the taxpayer accordingly. See* IC 6-1.1-12-42 (e) (emphasis added). The inventory removed from the assessment due to the statewide exemption under IC 6-1.1-12-42 will not be included in the figures on the Form 14 and 15.

Enterprise Zone Investment Deduction - The Legislature has specified that the Enterprise Zone deduction be reported directly to the county auditor. The auditor makes the deductions on the tax roll. *See* IC 6-1.1-45-10 and 11. In this case, the assessment included on the form 14 and 15 will include the assessed value of the deducted property.

SUMMARY

The assessors should be transferring the Total True Tax Value Before Deductions to the auditor and the same values should appear on the Form 14 and Form 15. The county auditor will have direct knowledge and responsibility for entry of all deduction amounts other than the inventory deduction. In the past, the township assessor needed to provide summary level data on expansion of deductions. This information is used in the rate setting and tax planning process. Again this year, the township assessor will need to capture and provide to the county officials the value of the deducted inventory. This data will then be used by the county auditor to create the certificate of net AVs certified to the Department of Local Government Finance. If your county’s computer system is not able to capture those figures in an automated manner, we have attached a spreadsheet for your use in capturing those values. **If your computer system captures the deductions and rolls the values to the tax system, it is imperative that you locate parcels that exhibit the various types of deductions and ensure that the final assessed value subject to taxation is properly calculated and reported to the DLGF.**

Note that if the personal property data is captured directly from the Form 104, any returns that have taken an ERA or an Investment Deduction will need to be adjusted for data entry purposes. The Form 104 shows the Final Assessed Value but in order for the assessment, deductions and resultant taxes to calculate properly, the Total True Tax Value Before Deductions will need to be entered into the tax system. Then when the deductions are applied by the county auditor, the net assessed value will be properly calculated.

Utility Deductions – The Investment Deduction for Utility Property is also filed with the township assessor and then transmitted to the auditor. The Form 11A that will be issued by the Utility Division will show the gross assessed value. This should allow the proper handling of the utility property.

County Assessors, please forward a copy of this memorandum to all township and trustee assessors in your county.

If you have any questions about processing the personal property assessments and related deductions, please contact your assessment or budget field representative at their regular duty station or by telephone to TerriAnn Woodburn, division secretary at 317-232-3773.